**6. BELLSOUTH'S $25 MILLION COMPREHENSIVE GENERAL LIABILITY INSURANCE REQUIREMENT HAS NOT BEEN JUSTIFIED (Issue K).**

BellSouth has sought to justify its requirement that collocators maintain comprehensive general liability insurance of $25 million based on the investment in its central offices, coverage by other firms, and its own level of insurance. However, collocators should not be required to have insurance to cover the total investment in a central office because the collocator will have very limited access to the central office with minimal facilities and operations there. The potential for damage from the collocator should be less than that from the rest of the LEC's operations. The coverage of other telecommunications firms is simply irrelevant to any insurance requirement for interconnection service. Thus, the Bureau should direct BellSouth, as an outlier in terms of insurance coverage, to lower its requirements to the next lowest level required by any other LEC (i.e., $20 million).

7. **THE LECS SHOULD NOT LIMIT THEIR LIABILITY FOR NEGLIGENCE OR WILLFUL MISCONDUCT (Issue L).**

Several of the LECs limit their liability for negligence and willful misconduct. For example, NYNEX limits its liability to "gross negligence" (Section 28.7.4(a)); U S West waives its liability for property damage to the interconnector under any circumstance (Section 2.1.3(c)(2)); and Southwestern Bell requires the collocator to release it from "any and all right of recovery, claim, action or cause of action against its agents officers and employees for any loss or damage that may occur to equipment or any personal property belonging to the Interconnector ... regardless of cause or origin, including negligence of the Telephone Company, its agents, officers and employees" (Section 25.2(C)(15)(a)(6)).

NYNEX argues that its provision is justified because the relationship between it and the interconnector "analogous to the relationship between a landlord and tenant" and "[i]t is not unusual in landlord-tenant relationships to shift the majority of business and liability risks to the tenant" (at Appendix L, pages 1 and 2 of 2). However, it would be unusual for a landlord to be able to shift the direct losses to the tenant for the landlord's own negligence. Thus, where the landlord's negligence caused a fire which burned down the leased premises, the landlord would ordinarily be responsible for the direct damages caused thereby to the tenant. For example, the tenant would be able to recover from the landlord the value of the property lost in the fire and presumably would receive an abatement in rent. Sprint would

suggest that a similar result would obtain here. Specifically, the LEC leasing its premises should be responsible for all damage incurred by the collocator as the consequence of the LEC's negligence. On the other hand, the LEC leasing the premises should not be responsible for "indirect" damages, such as loss of business, etc., which are difficult to measure and which may be extremely large. Nevertheless, Sprint believes that such "indirect" losses should be covered in the case where the LEC is guilty of willful misconduct. There is little reason to excuse a LEC from harm resulting--either directly or indirectly--from its own deliberate wrongdoing.

U S West's defense of its provision which waives all liability for property damage is that "[i]n response to recommendations from our Asset and Risk Management Organization, it was determined that all personal property damage matters should be handled via the vehicle of insurance, regardless of fault or responsibility" (D&J at 133, emphasis in text). U S West states that it has not limited its liability, but rather it "has no liability with regard to [property damage to an interconnector's property] at all, even if something that causes it damage was the result of our actions" (id., fn omitted, emphasis in text). For the reasons discussed above, Sprint disagrees.

Southwestern Bell states that its liability provisions are contained in Section 2.1.3 of its tariff and arose from CC Docket 83-1145 (D&J at 45). These provisions state that "[t]he Telephone Company's liability for its willful misconduct, if any, is not limited by this tariff" (Section 2.1.3(A)) and "[t]he

Telephone Company is not liable for damages to the customer's premises resulting from the furnishing of a service...unless the damage is caused by the Telephone Company's negligence" (Section 2.1.3(D). However, in contradiction to the provisions in Section 2.1.3, in the section on insurance requirements for expanded interconnection, Southwestern Bell clearly is limiting its liability. Thus, Southwestern Bell should remove the limitation of liability in the expanded interconnection portion of its tariff, or seek to justify this limitation on its liability for this service vis-a-vis other access services.

8. **U S WEST AND CINCINNATI BELL SHOULD PERMIT FULL USE OF LETTERS OF AGENCY (Issue N).**

As Sprint explained in its Petition to Suspend and Investigate the proposed expanded interconnection tariffs (at 10-11), restrictions placed by the LECs on the use of letters of agency for ordering service will result in delays in billing, difficulties in responding to trouble reports and operational inefficiencies which will place interconnectors at a competitive disadvantage. Most of the LECs allow the use of letters of agency and will bill charges to a third party if so requested. However, U S West refuses to honor letters of agency arguing that part of the expanded interconnection service is "central office occupation" (D&J at 138-9) and "[i]f a customer is not occupying the LEC central office, they are not purchasing EIC service" (id. at 139, sic, emphasis in text). This argument is without merit. The ordering of expanded interconnection access service should be no different than the ordering of any other access service for which LOAs are accepted. For example, an interexchange carrier can order special access facilities which terminate in its POP for a third party under an LOA, and the third party will be billed for the service. The third party does not have to have its own POP to obtain special access service or to be billed for the service. A similar policy should exist for expanded interconnection service, and interexchange carriers should be allowed to order services which will connect to the interconnector through that interconnector's expanded interconnection service.

Cincinnati Bell ("CBT") will permit LOAs for ordering facilities but not for billing. CBT states that it "would consider negotiating a separate billing and collection agreement with the interconnector for CBT to bill the interconnector's customers directly" (D&J at 12). Undoubtedly, CBT's ordering and billing systems have the capability to handle LOAs and third party billings. Thus, CBT's proposal serves to further inflate the already exorbitant rates for expanded interconnection service and to place interconnectors at a competitive disadvantage.

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Opposition to Direct Cases" of Sprint Communications Company L.P. was sent via first-class mail, postage prepaid, on this the 20th day of September, 1993, to the below-listed parties:

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